Required Report - public distribution

Date: 12/29/2009
GAIN Report Number:

Poland

HRI FOOD SERVICE SECTOR

HRI Food Service Sector

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Report Highlights:
Although there are challenges facing the U.S. exporter in light of Poland's EU membership, U.S. exporters should certainly explore opportunities in Poland. Poland is the only EU Member State that is expected to achieve positive GDP growth in 2009. If you sell to one of EU 27 member states your business should be advertising and promoting products in Poland. America is highly regarded in this region and products displaying their American heritage with a flag or geographic emphasis are popular. Poland's hotel, restaurant and institutional sectors are growing and offer sales opportunities for U.S. suppliers of a wide array and input. Many consumer ready and high value food products, such as baking ingredients, seafood, wine and spirits, pet food, almonds, pistachios, sunflower seeds, protein isolates, grapefruit and cranberries are popular. The American exporter should also take note of the market access barriers in Europe. Poland joined the EU five years ago and with its high tariffs, subsidies, and dated approach to food safety, Poland no longer imports U.S. beef, poultry or corn. Exporters are advised to carefully ascertain the market access to the EU for their product before making a sale to Europe.

Post:
Warsaw

Executive Summary:

Poland, with a population of almost 39 million, where consumers spend about 23 percent of their income on food and beverages, is a significant market for diverse food products offered by the hotel, restaurant and institutional food sector (HRI). Revenues from activities in these sectors, both private and public were valued at about $2.7 billions in 2008.

In larger cities which house about 30 percent of Poland's population, the number of two or more-income households is high (about 56 percent of all households). Warsaw, the capital, boasts a variety of low-cost eateries and high-end restaurants and its consumer's tastes are becoming similar to those in Western Europe and the United States. Mediterranean, French, Italian, Middle Eastern and Asian cuisines are becoming more popular and more visible in local neighborhoods as well as high traffic areas. New smaller ethnic group restaurants such as Georgian or restaurants serving typical Polish fare from specific regions of Poland are also increasing in popularity. It is now considered trendy to know celebrity chefs, and individual meetings and cooking sessions with VIP's are being arranged in hotels and restaurants.

The hotel sector has seen dynamic growth since 2006 and this tendency should continue till 2012. In 2007 - 2009, 75 hotels were built in Poland and construction of around 250 – 260 more is planned during the next 3-5 years. The majority of future investments will concentrate on 2-3 stars hotels (70% of all planned construction). If all investments are carried out, the number of hotel beds in Poland will increase by 22,500 (14 percent).

By the end of 2008 there were 6,718 lodging units in Poland, of which 4,575 were operating year-round offering some 357,000 beds. Hotels constitute the biggest group – 1,370 of the lodging units. Over the last eight years two of the main reasons that the Polish hotel market has continued solid growth is the continual increase in international tourists and businessmen, and also that the Poles themselves have been travelling more and staying at hotels in areas of Poland that cater to recreational activities. The fact that Poland is one of the two hosts (the other being Ukraine) of the European Soccer Championship in 2012 will influence the luxury class hotel sector, and hence the dynamic growth should continue in the larger cities of Poland. The growth in this sector could last for 2 or even 4 years after the event. It is estimated that around 12 million additional visitors will use hotel services in 2010

– 2011, compared with an estimated 660,000 people in 2009.

The market concerning restaurants, fast foods, cafeterias and bars was valued at USD5.6 billions in 2008, this is a 6.6 percent increase compared to 2007. Poles spend over 5 percent of their discretionary budget in restaurants, and from 2005 to 2008 sales in this market saw an increase of 19 percent. One third of the polish population dined out in a restaurant, bar or pub at least once in every 2 months during 2008. On average 20 percent of the Polish population spends USD 28/month and 10 percent USD 57/month on eating out. The most stimulating changes occurring in the Polish economy, supporting development of this sector are: increasing salaries, change of dietary habits, changes in life styles requiring longer working hours, an increasing number of singles and expansion of shopping centers and malls.

Hotel and restaurant experts predict that close to 500 restaurants and bars will be opened in the next five years. Coffee bars and coffee houses offer the best profits and their numbers increased by 30 percent during 2008. The Costa Coffee chain intends to open at least 100 coffee bars by the end of 2011. Starbucks recently entered the Polish market.

Poles like to visit fast-food restaurants, and most international chains already have a presence in Poland. Pizzerias are also gaining in popularity with over 350 outlets already operating in larger cities and well known American brands still coming in to the Polish market as well, e.g. Papa John's plans to open 40 restaurants during the next 5 to 8 years.

Basic economic indicators for Poland are as follows:

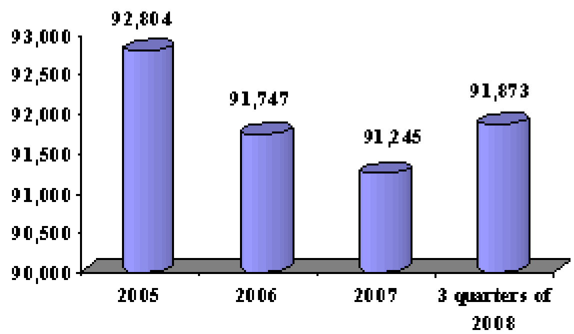
	POLAND			
	2007	2008	2009*e	2010*f
Population, mln	38.00	38.00	38.00	38.00
Nominal GDP, PLNbn	421.70	481.80	430.20	434.70
GDP per capita, US $	11.082	12.662	11.322	11.439
Real GDP growth, % change y-o-y	6.6	4.9	1.0	3.4
Industrial production index, % y-o-y, ave	9.6	8.5	-6.5	2.1
Budget balance % of GDP	-1.5	-1.9	-2.9	-2.6
Consumer prices % y-oy	4.0	3.2	2.8	2.7
Exchange rate PLN/US$ (November 2009)	5.00	5.00	2.80	3.75
Exchange rate PLN/EUR (November 2009)	2.47	2.96	4.20	3.24
Import, EURbn	118.48	138.81	97.17	102.02
Export EURbn	106.03	121.08	93.23	96.03

Trade balance, EURbn	-12.44	-17.73	-3.93	-5.99
Current account, % of GDP	-4.77	-5.58	-0.76	-1.50
Foreign reserves ex gold, US$bn	62.97	59.30	65.00	68.00
Total external debt stock, % of GDP	55.27	60.80	65.40	61.80

*e - estimate
*f - forecast
Source: Emerging Europe Monitor: Central Europe and Baltics, November/December 2009

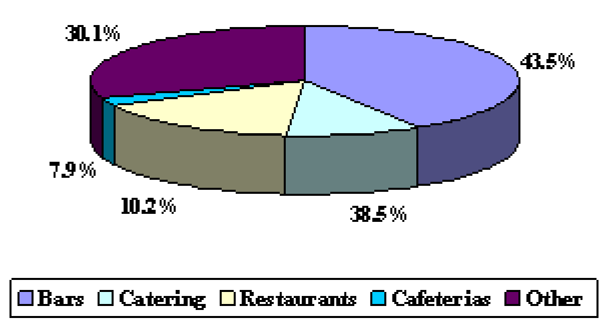
I. THE HRI MARKET DESCRIPTION

Number of Food Service Establishments 2005, 2006, 2007, and 3 quarters of 2008 (permanent and seasonal)



Source: Central Statistical Office (GUS)

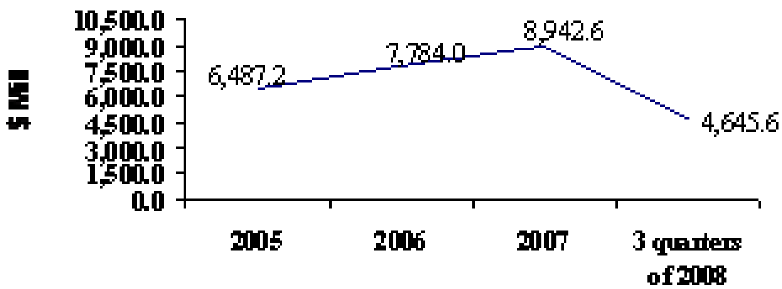
Types of Food Service Establishments in 2008



Source: Central Statistical Office (GUS)

Total revenues earned in the food service sector including catering, commodity sales, and other activities increased from $6.5 to $8.9 millions during 2005-2007, then decreased to $4.7 millions in the third quarter of 2008. The last decrease resulting from world economy slow down. As Polish economy shows signs of moderate continued growth through out 2009 this sector should also report positive sales increases.

Total revenues From the Food Service Sector



Source: Central Statistical Office (GUS)

Hotel Occupancy rate(%)											
Category	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
*****		67,4		58,9	55,9	51,3	49,5	50,6	52,1	63,9	63,7
****		57,6		52,0	48,9	44,8	43,3	48,0	52,4	53,7	56,0
***	49,5	48,0	49,9	42,5	40,0	37,9	38,7	41,3	44,0	44,6	46,2
**	40,4	39,5	40,8	36,9	34,7	34,3	32,8	36,3	39,3	41,1	43,7
*	37,0	35,5	36,9	29,9	29,4	29,1	31,1	37,1	39,1	41,1	43,9
Average	46,1	45,0	46,7	40,6	38,5	36,0	36,0	39,8	43,1	44,9	47,1

Source: Central Statistical Office (GUS)

Advantages of and Challenges to American products on the Polish market

Advantages	*Challenges*
Low labor costs when investing in the food service sector in Poland compared with the fierce competition on world markets; Growth in personal income and changes in consumption, life, and work standards will support development of food services; Economic growth and development of tourism, from and to Poland, makes Western food consumption standards more popular.	The trend by major food chains to use mainly materials and semi-products of Polish origin lowers the demand for imported commodities; Demographic changes resulting from a drop in the birth rate will decrease the population of the most prominent fast food consumers (i.e. children and young people); Integration with the European Union has made food ingredients from this area easily accessible and has limited the demand for imports from other countries including the USA.

II. ROAD MAP FOR MARKET ENTRY

A. DISTRIBUTION CHANNELS

Entering the Polish market is a challenge for exporters of raw materials intended for the food service sector. The main obstacle is the use of low cost Polish products. Imports are used only when less expensive domestic products are not available.

I. Some companies in the HRI sector purchase imported products directly from importers but in general they buy via wholesalers or local suppliers.

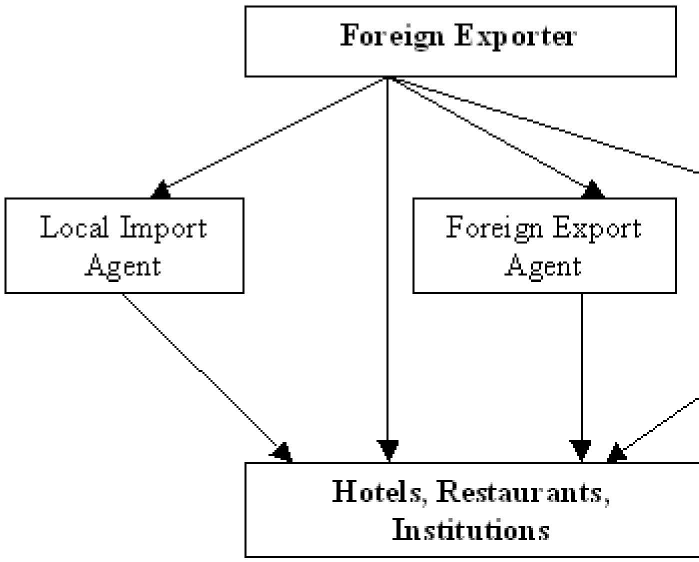
II. Some of the largest organizations in the food service sector (mainly hotel chains) have their own supply units.

III. Local wholesalers and importers import materials, semi-processed products and commodities for other food service firms.

To be successful in Poland exporters must have a local representative or agent and personal contact with Polish businesses. To be competitive exporters must have a thorough knowledge of current laws, the local culture, tax and customs regulations, market structures, local exhibitions and trade fairs, implications of EU accession, and non-tariff barrier.

B. MARKET STRUCTURE

Distribution Flow



C. SUB-SECTOR PROFILES

Top 10 Revenue Generating Hotels in Poland in 2008

Hotel name	City	Chain	number of		Average room price US$ 2008	Occupancy Rate 2008 (%)
			Rooms	*Beds*		
Marriott	Warsaw	Marriott Lodging	522	612	365	68
Sheraton	Warsaw	ITT Sheraton	350	470	140	67
Sobieski	Warsaw	Accor	429	800	180	70
Forum Nowotel- Accord	Warsaw	Accor	733	1158	205	65
Sofitel Victoria	Warsaw	Accor	341	453	180	65
Holiday Inn	Warsaw	Accor	336	498	175	64
Le Royal Meridien Bristol	Warsaw	Le Meridien	206	400	350	68
Poznan	Poznan	Accor	369	571	140	67
Mercure	Warsaw	Accor	250	361	170	65
Radisson SAS	Szczecin	Radisson	311	431	420	52

Hilton	Warsaw	Hilton Hotels	314	412	140	68
Campanile	Warsaw	Louvre Hotels	345	481	145	65
Hotel 500	Warsaw	J.W.Construction Holding SA	182	254	70	35
Rialto	Warsaw	Preferred Hotels	354	420	170	64
Hyatt Regency	Warsaw	Hyatt Regency Hotels	388	496	180	68

Hotel and Resort Company Profiles 2008

Company Name & Sub-Sector Type	Outlet Name, Type & Number of Outlets	Location	Purchasing Agent(s)
Accor, hotels with restaurants	Hotels - 63, hotel restaurants-60	National	Direct; Importers, Local suppliers
Gromada, hotels with restaurants	Hotels - 17, hotel restaurants-17	National	Direct; Importers, Local suppliers
Qubus, hotels with restaurants	Hotels - 12, hotel restaurants-12	South-West of Poland	Direct; Importers, Local suppliers
Louvre Hotels, hotels with restaurants	Hotels - 10, hotel restaurants-8	Warsaw, Kraków, Poznań, Lublin, Szczecin, Katowice, Wrocław, Łódź	Direct; Importers, Local suppliers
Best Western International, hotels with restaurants	Hotels -5 , hotel Restaurants-5	Białowieża, Białystok, Kraków, Ożarów Mazowiecki, Wrocław	Direct; Importers, Local suppliers
Radisson SAS, hotels with restaurants	Hotels - 4, hotel restaurants-7	Warsaw, Szczecin, Kraków, Wrocław	Direct; Importers, Local suppliers
Starwood, hotels with restaurants	Hotel - 6, hotel restaurants -13	Warsaw, Kraków, Poznań, Sopot,	Direct; Importers, Local suppliers

Each hotel has at least one large restaurant (usually two) and a snack bar. Often larger hotels have restaurants which specialize in international cuisines (Chinese, Italian, etc.). There are a number of smaller hotels which normally have a café or small restaurant on the premises.

Top Food Service Chains According to Number of Outlets

Chain	owner	2005	2006	2007
Mc Donald's	Mc Donald's Polska (American capital)	201	209	213
		2008 YTD – 215 restaurants		
Pizza Hut KFC	American-Restaurants (Dutch capital)	52	52	50
		76 79 85		
TelePizza	TelePizza Poland (Spanish capital)	95	92	101
		2008 – 104 restaurants		
Sphinx	Sphinx Polska	79	90	105

	(Polish capital + Enterprise Investors)	2008 YTD - 122 restaurants		
Burger king	American-Restaurants (Dutch capital)	0	0	4
		2008 – 6 restaurants		
Mr. Hamburger	Mr. Hamburger (Polish capital)	20	21	21
		2008 - 26 restaurants		
Da Grasso	Da Grasso (Polish capital)	90	120	141
		2008 – 168 pizza restaurants		
Pizza Dominium	Pizza Dominium (Polish capital)	25	42	60
Pizza Express	Pizza Express Polska (International capital)	7	7	7
		pizza restaurants		

Institutional Company Profile in 2008

Company Name & Sub-Sector Type	Outlet Name, Type & Number of Outlets	Location	Purchasing Agent(s)
Sodexho Polska, institutional catering	Sodexho Food Service (CS) (70)	National	Direct; Importers, Local suppliers
Impel Catering, institutional catering	Impel Food Service (CS) (28)	National	Direct; Importers, Local suppliers
Eurest Poland, institutional catering	Eurest Food Service (CS) (87)	National	Direct; Importers, Local suppliers
Dussmann Poland, institutional catering	Dussmann Food Service(20)	National	Direct; Importers, Local suppliers
LOT Food service Sp. z o.o., institutional catering	“LOT” Polish Airlines (CS)(29)	Warsaw, Gdansk, Krakow	Direct; Importers, Local supplier
WARS , institutional catering	Restaurants & bars in trains (CS)	National	Direct; Importers, Local supplier

SECTION III. COMPETITION

Product Category	2008* Market Size in mln $	2008 Polish Imports mln $	5 Yr Average Import Growth %	Import Tariff Rate	Key constraints	Market attractiveness for USA
Salmon	*283.00*	*283.0*	29.00	2&8	U.S. product is considered to be expensive.	Polish market is interested in the following varieties (H&G): salmon (keta, gorbusha).
Wine	*191.00*	191.0	6.30	9.9-32€/ hl depending on alcohol content	U.S. product is considered to be expensive.	Polish consumers like quality wines.
Almonds	12.00	12.00	13.00	3.50	U.S. product is considered to be expensive.	Polish importers consider U.S. product to be of high quality and import it for usage in high end food products.
				0 for bitter almonds	Active competition from Spain.	
Pistachios	13.00	13.00	19.90	1.60	U.S. product is considered to be expensive.	Polish importers consider U.S. product to

					Active competition exists from Iran.	be of high quality and import it in order to supply delicatessen customers. Recently hypermarkets also expressed interest in this product.
Sunflower Seeds	30.00	30.00	4.50	0	U.S. product is considered to be expensive. Active competition exists from Hungary and China.	Polish bakery industry is becoming increasingly interested in using this product.
Raisins	23.00	23.00	1.70	2.40	U.S. product is considered to be expensive. Active competition exists from Iran.	Polish bakery industry is becoming increasingly interested in using high quality product from the U.S.
Ground nuts	$15.00	15.00	14.90	19.42	U.S. product is considered to be expensive. Active competition exists from Argentina.	Polish food processing is interested in using U.S. product in high end products.
Protein isolates	36.00	36.00	3.40	123.50 EUR / 100 kg	Belgian and Chinese producers are actively promoting their product on the Polish market.	Polish food processing industry as well as producers of supplies for body building are increasingly interested in the U.S. products.
Whiskey (incl. Bourbon)	55.00	55.00	36.80	61.29	Belgian and Chinese producers are actively promoting their product on the Polish market.	Polish food processing industry as well as producers of supplies for body building are increasingly interested in the U.S. products.
Grapefruit	33.00	33.00	3.10	14.49	Competitively priced imports available, esp. form Turkey	Strong position of American suppliers, growing market.

SECTION IV. BEST PRODUCT PROSPECTS

A. PRODUCTS WHICH HAVE BEST SALES POTENTIAL:

- Seafood: salmon, butterfish, herring, mackerel, black cod

- Alcoholic beverages: wines, whiskey/bourbon, vodkas

- Dried Fruit: prunes, cranberries

- Nuts: almonds, pistachios, peanuts

- Food processing ingredients: dairy isoglucose concentrates, high quality spices and mixes (tex-mex), vegetable fat for process

- Food ingredients for the HRI food service sector: certain spices and mixes

Detail Import statistics can be located at the following internet site:
http://www.fas.usda.gov/gats/BicoReport.aspx?type=country
Please select Poland as importing country.

B. PRODUCTS NOT PRESENT IN SIGNIFICANT QUANTITIES BUT WHICH HAVE GOOD SALES POTENTIAL:

Restaurants and bars that offer international cuisines, such as Italian, Greek, Spanish and Middle Eastern could find success in Poland. American chain restaurants such as TGI Friday and Subway are gradually establishing a presence but not in significant numbers.

There are opportunities to develop restaurants that offer "healthy" and organic foods. Snacks with low fat or low-sugar content and made with natural ingredients have good sales potential. Restaurants that offer a vegetarian menu may also tap into the growing demand for such food. More and more Polish families own microwave ovens nowadays, so microwaveable and ready-to-eat food products also have good potential, particularly in larger urban areas, and among institutional food services, e.g., schools, hospitals and nurseries.

SECTION V. POST CONTACT AND FURTHER INFORMATION

If you have any questions or comments regarding this report, or need assistance in exporting to Poland, please contact the Office of Agricultural Affairs in Warsaw, at the following address:

Office of Agricultural Affairs
American Embassy
Al. Ujazdowskie 29/31
00-540 Warsaw
Poland
ph: 48-22 504 2336, fax: 48-22 504 2320
e-mail: agwarsaw@usda.gov
homepage: http://poland.usembassy.gov/poland/agric.html

For additional information on exporting U.S. food products to Poland, including “The Exporter’s Guide”, “The Food Processing Sector Report”, “The Retail Food Sector Report” please visit the Foreign Agricultural Service home page: http://www.fas.usda.gov. Importer lists are also available from our office to exporters of U.S. food products.

Author Defined:

Foreign Companies Which Invested in the Hotel and Restaurant Sector

Rec. num	Investor name	Country of registration	Country of origin	Activities	Comments
1.	Accor SA	France	France	Hotels and restaurants;	40,5% stake in Orbis S.A.
2.	McDonald	USA	USA	Hotels and restaurants;	Mc Donald's Polska Sp. z o. o. – Warsaw
3.	Bau Holding Strabag AG	Austria	Austria	Construction; Hotels and restaurants;	Strabag Sp. z o. o. 80% stake in Hotele Warszawskie "Syrena"
4.	LOUVRE HOTELS SAS	France	France	Hotels and restaurants;	Hotele G.E. Polska Sp. z o. o. - Main office in Warsaw. Hotels in Warsaw,
5.	Trusthouse Forte	United Kingdom	United Kingdom	Hotels and restaurants;	Le Royal Meridien Bristol Sp. z o. o.
6.	BRC Holding Developments	USA	USA	Hotels and restaurants;	Radisson SAS Centrum Hotel – Warsaw
7.	Sheraton Warsaw Cooperation	USA	USA	Hotels and restaurants;	Sheraton Warsaw Hotel Sp. z o. o. – Warsaw
8.	Cosmar S. r. l.	Italy	Italy	Hotels and restaurants;	Cosmar Polska Sp. z o. o. - Hyatt Regency Warsaw Hotel
9.	Am-Rest Holding N.V.	The Netherlands	USA	Hotels and restaurants;	American Restaurants Sp. z o. o. - Office in Wrocław, Pizza Hut & KFC brands
10.	Qubus Hotel System	Norway	Norway	Hotels and restaurants;	Qubus Hotel Management - Zielona Góra, Qubus Hotel Sp. z o. o. - Gliwice, Gorzów Wikp., Głogów. Legnica, Wałbrzych, Wrocław, Zielona Góra, Złotoryja
11.	Porr International/Chopin	Austria	Austria	Hotels and restaurants;	Porr Polska S.A. - Warsaw, Porr International AG - Warsaw, Chopin Sp. z o. o. - Kraków
12.	Min Hoong Development Co.	China	China	Hotels and restaurants;	Min Hoong Development Co. Pte. Ltd. Poland Sp. z o. o. – Sopot
13.	International Fast Food Corporation	USA	USA	Hotels and restaurants;	International Fast Food Polska Sp. z o. o. – Warsaw
14.	Intersnack Knabber Gebaeck GmbH & Co. K.G.	Austria	Austria	Hotels and restaurants;	Syrena International Sp. z o. o. – Warsaw
15.	TelePizza S.A.	Spain	Spain	Hotels and restaurants;	Telepizza Poland Sp. z o. o. – Warsaw
16.	Rogner GmbH	Germany	Germany	Hotels and restaurants;	Hotel Jan III Sobieski Sp. z o. o. – Warsaw
17.	Pan Smak Pizza Inc.	Canada	Canada	Hotels and restaurants;	Pizzerie Pan Smak Sp. z o. o. - Pizza resturants
18.	Scanpol International ApS	Denmark	Denmark	Hotels and restaurants;	Hotel New Skanpol Sp. z o. o. – Kołobrzeg
19.	Marriott	USA	USA	Hotels and restaurants;	Hotel Mariott – Warsaw
20.	Ceneu Pizza BV	The Netherlands	The Netherlands	Hotels and restaurants;	Pizza Express Polska Sp. z o. o. – Piaseczno
21.	Kochloeffel GmbH	Germany	Germany	Hotels and restaurants;	Kochleoffel Polska Sp. z o. o. – Katowice
22.	Sodexho Alliance	France	France	Hotels and restaurants;	Sodexho Polska Sp. z o. o. – Warsaw
23.	Best Eastern Plaza Hotels International	Luxembourg	Luxembourg	Hotels and restaurants;	22% stake in Best Eastern-Plaza Hotels S.A. - Office in Warsaw, HP Park - Poznań, Olsztyn, HP Park Plaza - Wrocław
24.	Compass Group International B.V.	United Kingdom	United Kingdom	Hotels and restaurants;	100%stakes in Eurest Poland Sp. z o.o. - Warszawa